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SUBJECT: CHARGE'S MEETING WITH AGRICULTURE MINISTER SEBESTA

PRAGUE 00000094 001.2 OF 002

11. (SBU) Summary: On February 16, Charge d'Affaires Mary Thompson-Jones met Czech Agricultural Minister Jakub Sebesta to inquire about his position regarding the budget of the Common Agricultural Policy (CAP) after 2013, U.S. beef access, and agricultural biotechnology. Sebesta said that the Czech Republic did not support a CAP that created competition between national budgets. Rather the Czech Republic supported equalizing direct payments, even if this meant lower levels of support. He noted that the Czech Republic had not signed the February 3 Warsaw declaration as the government was still debating a unified position on CAP reform. He showed an openness to U.S. positions on biotech and beef pathogen reduction treatments (PRTs) and noted his ministry was lobbying for a Government decision to support the elimination of the EU's zero tolerance rule on trace amounts of unapproved varieties found in imported agricultural commodities. End Summary.

The CAP after 2013

12. (SBU) Thompson-Jones noted that nine agricultural ministers from the newer EU member states signed a declaration in Warsaw February 3 calling for a fair EU budget process for the Common Agricultural Policy (CAP) and asked why the Czech Republic chose not to sign. Sebesta replied that the Czech government was still developing its position on the CAP budget post 2013 and needed a unified interagency position before it could consider joining the commune. He noted that a unified EU stance on the new CAP budget had been a priority of the Czech EU presidency, but had been blocked by, among others, Poland. He stressed that the Czech Republic supports a direct payment system not based on historical yields and which treats all member states fairly. He added that this did not mean the Czech Republic would demand more money for its farmers. Rather the priority for the Czech Republic is a level playing field, even if this means reduced payments.

13. (SBU) Sebesta reported that due to budgetary difficulties, the Czech Republic would only pay farmers between 60 and 65 percent of the top offs allowed this year. In any case, he stressed that the Czech Republic wants to avoid permitting national payments in the future. He argued that the EU should not just make agriculture a competition between national budgets, adding that there is no way the Czech Republic could compete with France. (Comment: The current CAP direct payment system, which is based on historical yields rather than acreage planted, discriminates against farmers in the newer member states, who receive significantly less support for the same amount of production. Frustration among farmers in Central and

Eastern European (CEE) countries is growing as they continue to see their domestic markets being flooded by more heavily subsidized western European agricultural goods. New member state farm protesters often display an EU flag with 27 stars, not 15, and agricultural producers want equality. End Comment.)

PATHOGEN REDUCTION TREATMENTS (PRTs) FACE PROBLEMS IN EUROPE

14. (SBU) Thompson-Jones asked whether the Czech Agriculture Ministry would support EU approval of the use of U.S. pathogen reduction treatments (PRTs) in beef. Sebesta referred the question to Stanislav Kozak, Deputy Minister responsible for commodities and Ministry oversight of the Czech Veterinary Service. Kozak replied that it would be hard to believe that post production practices would be approved given that 26 member states had voted against their use for poultry. He thought it would be very difficult for the Member States to support such treatments because they would have to tell EU industries to allow Americans access when their food was produced with different standards and regulations. This would be seen as unfair to the EU producers who had been forced to invest so much money into meeting all the requirements at each of the EU mandated critical points of production.

15. (SBU) USDA Regional Agricultural Counselor Eric Wenberg emphasized that PRTs provide an additional benefit to consumers and that the beef in question already complies with EU regulations including that they contain no hormones. Wenberg added that the European industry also wanted to use these compounds, most of which are organic and differ significantly from those used in PRTs for poultry. Sebesta stressed that the Czechs had supported the U.S.-EU interim beef agreement during their EU presidency and were strong supporters of free trade. He suggested that the United States needed to better educate the member states about PRTs if it expected their support. He welcomed a U.S. industry visit or any technical

PRAGUE 00000094 002.2 OF 002

exchanges on this issue.

OTHER ISSUES: GMOs, OECD MINISTERIAL

16. (SBU) Thompson-Jones complimented the Czech Republic's continued support for new varieties of agricultural biotechnology. Sebesta said his ministry strongly supported the use of Genetically Modified Organisms (GMOs) but noted that this position was not always shared by the Ministry of Environment (led by the Green Party). He reported that his ministry was pushing for a Cabinet decision to support reform of EU legislation to eliminate the EU's current zero threshold for unapproved biotech varieties in imported shipments.

17. (SBU) Sebesta noted that he will be unable to attend the upcoming OECD Agriculture Ministerial in Paris due to previously scheduled travel plans (he is going on a trade mission to Algeria), but noted that the Czech Republic will be represented by Jiri Sir, the Minister's advisor on EU and European issues. During the Czech EU Presidency, Mr. Sir (pronounced SHEAR) headed the Agriculture and Environment Unit at the Czech EU Mission in Brussels. Sebesta closed the meeting by fondly remembering his six weeks spent visiting and working on a Wisconsin dairy farm in 1994.

18. (SBU) Comment. The Czech Republic continues to demonstrate an openness to U.S. positions on biotech and beef access issues. Sebesta would like to see reform of the CAP, including possible budget cuts, but doubts that the Western European countries will willingly reduce their agricultural subsidies. End comment.

THOMPSON-JONES